

Department of State Policy Statement on Indochina, September 27, 1946

A. OBJECTIVES

The immediate objective of US policy in Indochina is to assist in a solution of the present impasse which will be mutually satisfactory to the French and the Vietnamese peoples, which will result in the termination of the present hostilities, and which will be within the framework of US security.

Our long-term objectives are: (1) to eliminate so far as possible Communist influence in Indochina and to see installed a self-governing nationalist state which will be friendly to the US and which, commensurate with the capacity of the peoples involved, will be patterned upon our conception of a democratic state as opposed to the totalitarian state which would evolve inevitably from Communist domination; (2) to foster the association of the peoples of Indochina with the western powers, particularly with France with whose customs, language and laws they are familiar, to the end that those peoples will prefer freely to cooperate with the western powers culturally, economically and politically; (3) to raise the standard of living so that the peoples of Indochina will be less receptive to totalitarian influences and will have an incentive to work productively and thus contribute to a better balanced world economy; and (4) to prevent undue Chinese penetration and subsequent influence in Indochina so that the peoples of Indochina will not be hampered in their natural developments by the pressure of an alien people and alien interests.

B. POLICY ISSUES

To attain our immediate objective, we should continue to press the French to accommodate the basic aspirations of the Vietnamese: (1) unity of Cochinchina, Annam, and Tonkin, (2) complete internal autonomy, and (3) the right to choose freely regarding participation in the French Union. We have recognized French sovereignty over Indochina but have maintained that such recognition does not imply any commitment on our part to assist France to exert its authority over the Indochinese peoples. Since V-J day, the majority people of the area, the Vietnamese, have stubbornly resisted the reestablishment of French authority, a struggle in which we have tried to maintain insofar as possible a position of non-support of either party.

While the nationalist movement in Vietnam (Cochinchina, Annam, and Tonkin) is strong, and though the great majority of the Vietnamese are not fundamentally Communist, the most active element in the resistance of the local peoples to the French has been a Communist group headed by Ho Chi Minh.

This group has successfully extended its influence to include practically all armed forces now fighting the French, thus in effect capturing control of the nationalist movement.

The French on two occasions during 1946 attempted to resolve the problem by negotiation with the government established and dominated by Ho Chi Minh. The general agreements reached were not, however, successfully implemented and widescale fighting subsequently broke out. Since early in 1947, the French have employed about 115,000 troops in Indochina, with little result, since the countryside except in Laos and Cambodia remains under the firm control of the Ho Chi Minh government. A series of French-established puppet governments have tended to enhance the prestige of Ho's government and to call into question, on the part of the Vietnamese, the sincerity of French intentions to accord an independent status to Vietnam.

1. POLITICAL

We have regarded these hostilities in a colonial area as detrimental not only to our own long-term interests which require as a minimum a stable Southeast Asia but also detrimental to the interests of France, since the hatred engendered by continuing hostilities may render impossible peaceful collaboration and cooperation of the French and the Vietnamese peoples. This hatred of the Vietnamese people toward the French is keeping alive anti-western feeling among oriental peoples, to the advantage of the USSR and the detriment of the US.

We have not urged the French to negotiate with Ho Chi Minh, even though he probably is now supported by a considerable majority of the Vietnamese people, because of his record as a Communist and the Communist background of many of the influential figures in and about his government.

Postwar French governments have never understood, or have chosen to underestimate, the strength of the nationalist movement with which they must deal in Indochina. It remains possible that the nationalist movement can be subverted from Communist control but this will require granting to a non-Communist group of nationalists at least the same concessions demanded by Ho Chi Minh. The failure of French governments to deal successfully with the Indochinese question has been due, in large measure, to the overwhelming internal issues facing France and the French Union, and to foreign policy considerations in Europe. These factors have combined with the slim parliamentary majorities of postwar governments in France to militate against the bold moves necessary to divert allegiance of the Vietnamese nationalists to non-Communist leadership.

In accord with our policy of regarding with favor the efforts of dependent peoples to attain their legitimate political aspirations, we have been anxious to see the French accord to the Vietnamese the largest possible degree of political and economic independence consistent with legitimate French interests. We have therefore declined to permit the export to the French in Indochina of arms and munitions for the prosecution of the war against the Vietnamese. This

policy has been limited in its effect as we have allowed the free export of arms to France, such exports thereby being available for re-shipment to Indochina or for releasing stocks from reserves to be forwarded to Indochina.

2. ECONOMIC

Indochina's trade with the United States before the war was relatively small as the greater part of its commerce was carried on with France and the French Empire duty free. Indochina now enjoys a limited customs autonomy, and the US should be able to compete more successfully with France.

American investment in Indochina has also been of minor importance in part at least because there has been no treaty basis for the protection of American interests there as activities in certain business lines are prohibited or can be conducted only with the consent of the French authorities.

Should a political solution satisfactory to the French and the Vietnamese be reached leading to the establishment of peaceful conditions within the area, the US should endeavor to have the General Agreement on Tariffs and Trade made effective in Indochina and to make an arrangement which would afford protection for American enterprise there. The increased trade and investment in Indochina which might result from these measures would tend to raise the level of economic activity and standard of living.

We do not wish to press for these matters, nor to develop a long-term financial or economic policy in the area, until such time as a political solution, such as may terminate in large measure the present hostilities, has been achieved.

With respect to the important question of whether ECA assistance should be extended to the area, we have informed the French that because reconstruction and development of Indochina is impossible under the present conditions of warfare which pertain there, no direct ECA financing for Indochina will be forthcoming at present although French requirements will be readjusted accordingly. We have indicated informally our willingness to reconsider the question should conditions change.

As regards French claims for Japanese reparations on behalf of Indochina, we have taken the position in the Far Eastern Commission (FEC) that France should receive two percent of the total amount of reparations which may be determined to be available. While most FEC countries feel that the proposed share is too large, in view of the French wartime performance in Indochina, we have indicated a willingness to allow the French an additional one half of one percent. France presumably would also be eligible for a prorata share (for a portion to be determined by negotiation) of the 18 of our 28 percent of total reparations which we have proposed to make available to such FEC countries as accept our schedule for reparations distribution. This question remains unsettled. We have not allowed the French a portion of the advance transfers within the interim reparations program.

We have under consideration a French claim to gold valued at 37.5 million dollars earmarked for Japan in Indochina. The gold represents the settlement of certain trade balances between Indochina and Japan and of Japanese local

currency requirements during the period August 1940 to March 9, 1945. Since the earmarking of the gold transferred title to Indochina and since there are no general considerations of equity or public policy of a sufficiently compelling nature to justify withholding recognition of title thus transferred, the tentative position of the Department is that SCAP deliver the gold to Indochina unless an early FEC policy decision precludes such action.

C. RELATIONS WITH OTHER STATES

The French, whose policy since the Japanese surrender has been a failure with regard to the Vietnamese, have made some progress in normalizing their relations with Cambodia and Laos. Both these Indochinese protectorates have now been formally admitted as "associated" states to the French Union. The peoples of both these protectorates have been allowed some degree of autonomy, which apparently satisfies them for the present. Unquestionably, however, the current *modi vivendi* will be altered by any French settlement with the Vietnamese which gives the latter more autonomy than now possessed by the Laotians and Cambodians.

The most recent French attempt to resolve the question resulted in the June 5 Baie d'Along Agreement between the French High Commissioner of Indochina and General Nguyen Van Xuan, head of the Provisional Central Government of Vietnam, and countersigned by the former Emperor of Annam, Bao Dai. In this agreement, France recognizes the independence of Vietnam, whose responsibility it will be to unite the three Vietnamese provinces of Indochina, with only such limits as are imposed by its membership in the French Union to which it freely declares its adherence. Further negotiations to fix relationships of France and Vietnam are provided by the agreement which must now be ratified by the French Assembly, particularly as it relates to a change in the status of Cochinchina, now a French colony, to permit its union with Annam and Tonkin.

As regards international conferences, the US, as it recognizes French sovereignty over Indochina, has upheld the right of France as a metropolitan power to submit the applications for associate membership in ECATE of its dependent areas in Indochina.

French relations with the Siamese Government have improved since the November coup d'etat of Field Marshal Phibun. Phibun apparently has given assurances to the French that he has accepted the solution of the recent Siamese-Indochinese border dispute. He has furthermore taken limited measures designed to reduce the activity of Indochinese elements in Siam hostile to the French.

Chinese relations with Indochina, based upon a 1946 treaty which confers substantial benefits upon the Chinese in the peninsula, are largely determined by the needs and interests of the commercially and economically powerful Chinese overseas community in Indochina, numbering almost one million. On the surface, Chinese official relations with the French officials have been

mediate interest in maintaining in power a friendly French government, to assist in the furtherance of our aims in Europe. This immediate and vital interest has in consequence taken precedence over active steps looking toward the realization of our objectives in Indochina.

We are prepared, however, to support the French in every way possible in the establishment of a truly nationalist government in Indochina which, by giving satisfaction to the aspirations of the peoples of Indochina, will serve as a rallying point for the nationalists and will weaken the Communist elements. By such support and by active participation in a peaceful and constructive solution in Indochina we stand to regain influence and prestige.

Some solution must be found which will strike a balance between the aspirations of the peoples of Indochina and the interests of the French. Solution by French military reconquest of Indochina is not desirable. Neither would the complete withdrawal of the French from Indochina effect a solution. The first alternative would delay indefinitely the attainment of our objectives, as we would share inevitably in the hatred engendered by an attempted military reconquest and the denial of aspirations for self-government. The second solution would be equally unfortunate as in all likelihood Indochina would then be taken over by the militant Communist group. At best, there might follow a transition period, marked by chaos and terroristic activities, creating a political vacuum into which the Chinese inevitably would be drawn or would push. The absence of stabilization in China will continue to have an important influence upon the objective of a permanent and peaceable solution in Indochina.

We have not been particularly successful in our information and education program in orienting the Vietnamese toward the western democracies and the US. The program has been hampered by the failure of the French to understand that such informational activities as we conduct in Indochina are not inimical to their own long-term interests and by administrative and financial considerations which have prevented the development to the maximum extent of contacts with the Vietnamese. An increased effort should be made to explain democratic institutions, especially American institutions and American policy, to the Indochinese by direct personal contact, by the distribution of information about the US, and the encouraging of educational exchange.